

To: Kathleen C. Ryan, Senior Counsel  
Division of Consumer and Community Affairs, Board of Governors of the  
Federal Reserve System  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW.,  
Washington, DC 20551.

Dear Kathleen,

I have attached a letter that I whole heartedly agree with, that was written on behalf of all the honest hard working loan officers across this country. My feelings on this in fact go much further than this letter expresses. It appears to me that the actions being considered by the Federal Reserve regarding compensation for loan officers is misguided at best, and arbitrary and Draconian at worst. It seems to me that the Federal Reserve is trying to "cure the infected fingerer by amputating the arm". After listening to Paul Mondor in a recent interview, it is obvious that there is a lack of understanding of the consequences to this kind of regulation.

I can appreciate the desire to protect the consumer, but as evidenced by the recent debacle caused by HVCC this kind of legislation can lead to reduced competition and elevated costs for the consumer. I implore you to do your due diligence and consider the long term effects of such radical actions. I also ask that you consider, that measures already in place make the egregious actions by a few unscrupulous originators impossible now. At the very minimum, I suggest that it is prudent that you at least consult with the leaders in the Mortgage Broker and Mortgage Banker industry people who have been acknowledged as honest and have impeccable integrity, to get an accurate paradigm of the consequences of these proposed actions. To allow attorneys with no real comprehension of the mortgage business to attempt to legislate this industry is akin to allowing a plumber to perform open heart surgery. Again, I cite the unintended repercussions of the HVCC legislation (many good loans are not being done because appraisers from outside the area, who are not familiar with the local market provide poor values, thus causing the consumer to pay for subsequent appraisals that more accurately depict the true value of a property)

My primary concern however, is the legality of this proposal. If the loan officer's compensation can be controlled this way, shouldn't the real estate agents compensation be likewise regulated. And by extension, doesn't this lead to compensation regulation across the board. How can it be fair that loan officers be singled out. This appears to be completely discriminatory. Where does this line of thinking inevitably lead?

Thank you for the opportunity to voice my opinion. Please feel free to contact me if I can be of further assistance.

Sincerely,  
Paul Hurley  
President  
American Pacific Lenders  
(858) 274-2089

Attachment:

[http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2006/wp2006\\_05.pdf](http://www.chicagofed.org/digital_assets/publications/working_papers/2006/wp2006_05.pdf)